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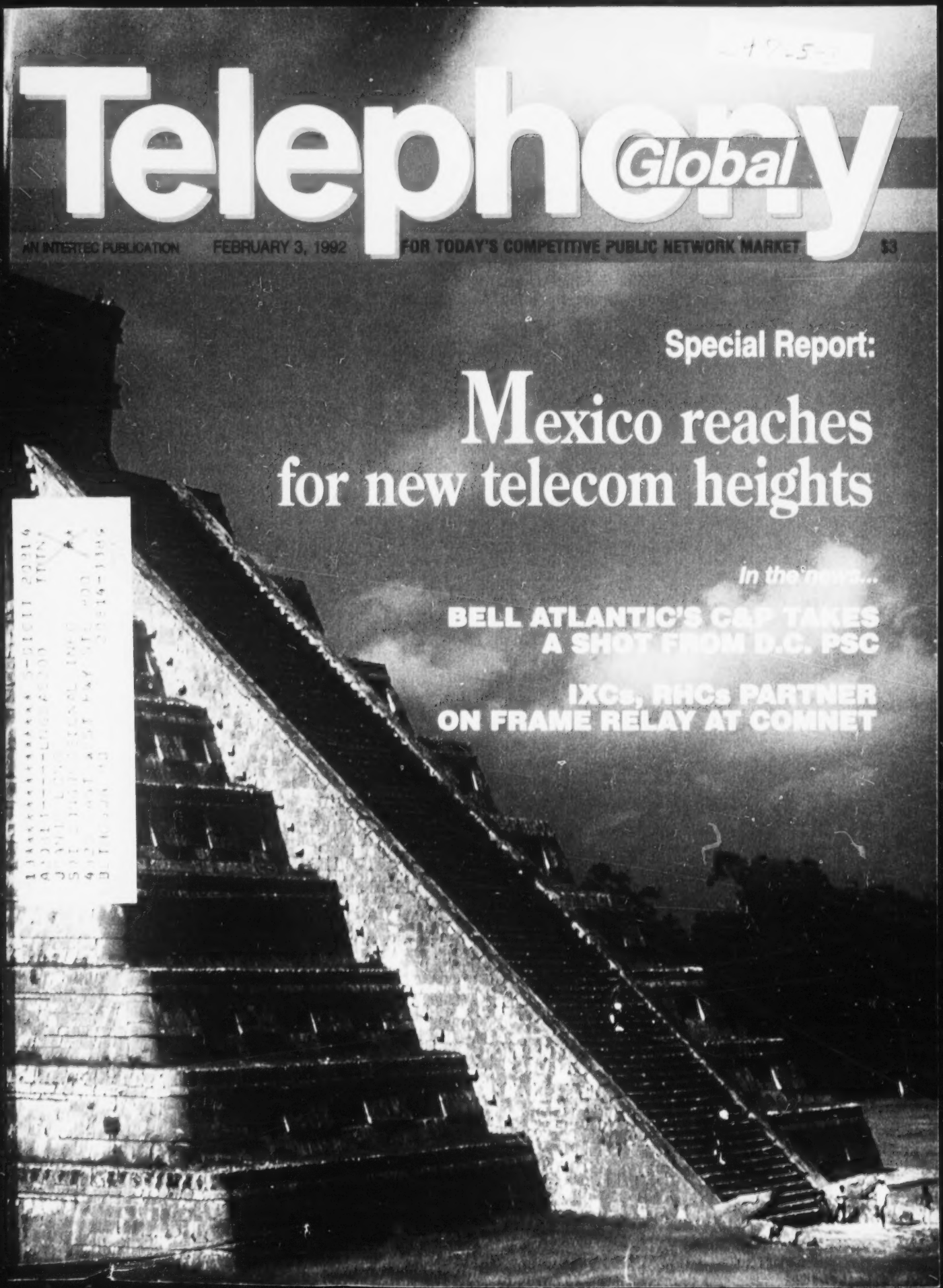


Special Report:

Mexico reaches for new telecom heights

In the news...

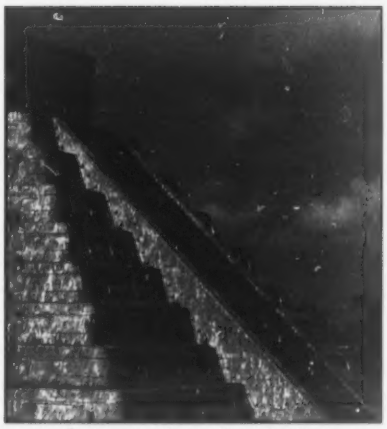
BELL ATLANTIC'S CAP TAKES A SHOT FROM D.C. PSC

IXCs, RHCs PARTNER ON FRAME RELAY AT COMNET

MONDAY, FEBRUARY 3, 1992 Volume 222, No. 5

Telephony

FOR TODAY'S COMPETITIVE PUBLIC NETWORK MARKET



Prospects of growth are looking up as Mexico reaches for new telecom heights. Cover photography by Grafton M. Smith, The Image Bank

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In a setback for Bell Atlantic's Chesapeake & Potomac Telephone, the public service commission not only rejects a requested rate increase, but orders a rate cut

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Nynex and Southwestern Bell team with interexchange carrier partners at Communication Networks '92 to test interoperability of their emerging frame relay networks

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The company picks a vendor for SMDS gear and discloses its first "pre-SMDS" customer

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Industry bigwigs touch on such hot topics as local exchange deregulation and the need for a national infrastructure strategy

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By John Williamson. As its handle on long-haul, point-to-point telecommunications has been loosened by fiber optic systems, satellite technology has moved on to other arenas

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By Larry Luxner. Mexico has experienced a dramatic increase in demand for telecommunications—and not only for voice service—yet nine out of 10 families still do not have telephones

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By Paul Spiers. In Egypt, cellular telephones reign. Since the telecom dynasty took hold in the mid-1980s, subscribership has vastly increased and market competition has been fierce

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database information and electronic mail via SMDS.

The GSA is connecting to SMDS at a 1.17-Mb/s rate, using Wellfleet routers. The data service is supporting a transmission control protocol/internet program and various applications.

The biggest winner of the day, however, could be Siemens, which beat out AT&T and Alcatel, among others, for the SMDS switching contract. Siemens will be Bell Atlantic's exclusive SMDS vendor until next generation equipment becomes available, most likely in 1993, the Bell Atlantic spokesman said.

Siemens and Alcatel both have licensed technology from QPSX, and Siemens' product is based on the QPSX gear. Because the QPSX prototype equipment was designed for use in private networks, Siemens had to equip the gear with new line cards, updated processors, new interfaces and advanced management and billing functionality, said Pierre-Ives Sibille, manager-data products.

The vendor already had operations experience with the QPSX equipment, because it provided technical support for QPSX during the Temple trial *(Telephony, July 23, 1990, page 11)*. That gave Siemens a "definite" edge in bidding for the final contract, Sibille said.

Siemens has been making a big splash lately, winning a 30% share of Ameritech's recent $1-billion digital switch contract, as well as being named supplier for MCI's next generation, asynchronous transfer mode-based switching platform, said Paris Burstyn, analyst with Business Research Group.

"This really positions Siemens to take a significant role in the U.S. switching market, especially for high-speed switching," Burstyn said. "Everyone else has to get their guard up."

In particular, Fujitsu, whose Fetex-150 switch is being tested by Nynex, must concentrate on converting its trials into contracts, Burstyn said. And AT&T, which has the most to lose and proved it by being virtually shut out in the Ameritech deal, "has to come around and become more responsive to what the market requires," he added.

Lively talk dominates ComNet '92

Charles F. Mason, East Coast Bureau Chief

Get enough telecommunications movers and shakers under one roof, and the talk is sure to get lively.

That was certainly the case at ComNet '92 last week. During the show's town meeting, executives from the Bell regional holding companies, competitive access providers and the interexchange carrier industry argued whether deregulation of the local exchange marketplace was moving too quickly.

Meanwhile, in his keynote address, Bellcore President and CEO George Heilmeier called for the industry to fashion a national infrastructure development strategy.

First on the show's agenda was local exchange deregulation. As more

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1991 RHC EARNINGS

(Comparisons made with the same period of 1990. Revenue and income amounts shown in millions of dollars)

	Fourth quarter 1991			Year-end 1991		
	Revenue	Income	Earnings per share	Revenue	Income	Earnings per share
Ameritech	$2742.5 +2%	$199.2 -31%	$0.75 -31%	$10,818.4 +1%	$1165.5 -7%	$4.39 -7%
Bell Atlantic	3098.6 +0%	266.3 +13%	0.88 +5%	12,279.7 0%	-222.7 -117%	-0.53 -116%
BellSouth	3694.5 +1%	386.9 +7%	0.80 +7%	14,445.5 +1%	1471.5 -10%	3.04 -10%
Nynex	3243.1 -6%	-251.3 -514%	-1.24 -513%	13,228.8 -3%	600.8 -37%	2.98 -38%
Pacific Telesis	2466.0 1%	158.0 -19%	0.40 -20%	9895.0 +2%	1015.0 -1%	2.58 0%
Southwestern Bell	2522.4 +3%	316.2 +18%	1.05 +18%	9331.9 +2%	1075.8 -2%	3.58 -2%
U S West	3009.3 +14%	-278.4 -180%	-0.68 -176%	10,577.2 +6%	553.4 -54%	1.38 -56%

All of the Bell regional holding companies' 1991 earnings reflect one-time charges, many related to work force reductions. **Ameritech** reported a fourth-quarter, after-tax charge of $141 million, or 53¢ per share, related to work force and other reductions. **Bell Atlantic** reported a charge of $1.55 billion, or $3.94 per share, for adopting new accounting rules for retiree and health insurance benefits. **BellSouth** reported fourth-quarter charges, totaling 13¢ per share, related to force reduction and an accounting change in its cellular operations. **Nynex** reported a total of $550 million in 1991 fourth-quarter after-tax charges for force reduction programs and business restructuring; its 1990 results include fourth-quarter charges of $211 million for business restructuring and $48 million in the first half of the year for force reduction. **Pacific Telesis** reported 1991 fourth-quarter charges of $122 million for force reduction; its 1990 fourth-quarter results reflect $72 million worth of restructuring charges. **Southwestern Bell** reported a second-quarter charge of $81 million, or 27¢ a share, for refinancing $732 million of long-term debt and a fourth-quarter charge of $30 million, or 10¢ a share, for force reduction. **U S West** reported a charge of $590 million, or $1.47 a share, for force reduction, a new regulation plan in Oregon and other reductions.